

VZCZCXRO2628
PP RUEHDH RUEHHM RUEHPB RUEHSL RUEHTM RUEHTRO
DE RUEHRL #1049/01 2391617
ZNY CCCCC ZZH
P 271617Z AUG 09
FM AMEMBASSY BERLIN
TO RUEHC/SECSTATE WASHDC PRIORITY 5037
INFO RUEHZN/ENVIRONMENT SCIENCE AND TECHNOLOGY COLLECTIVE
RUCNFRG/FRG COLLECTIVE
RUEHNO/USMISSION USNATO 1228
RUEKJCS/HQ USEUCOM LO WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUEHRL/USDAO BERLIN GE
RUEHBS/USEU BRUSSELS
RUCUSTR/USSTRATCOM OFFUTT AFB NE

C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 001049

SIPDIS
STATE FOR EUR/CE PETER SCHROEDER
STATE FOR ISN/MDSP DICK BUENNEKE

E.O. 12958: DECL: 08/27/2034
TAGS: [ETTC](#) [PGOV](#) [PINR](#) [MCAP](#) [PREL](#) [TSPA](#) [IT](#) [RS](#) [CH](#) [GM](#)
SUBJECT: EADS SHAREHOLDER BREAKDOWN - DO THE FRENCH REALLY
HOLD THE REINS?

REF: A. BERLIN 765
[B. BERLIN 601](#)
[C. BERLIN 561](#)
[D. BERLIN 181](#)
[E. 08 BERLIN 1575](#)
[F. 08 BERLIN 1537](#)

Classified By: Global Affairs Unit Chief Don L. Brown for
reasons 1.4 (b) and (d).

[1. \(C\) SUMMARY:](#) The European Defense and Space Company (EADS) is often assumed to be dominated by French influence and EADS-Astrium, a subsidiary of EADS, has been accused by German industry of wielding this influence to the benefit of French competitors. However, while French industry represents the largest single country share, French and German controlling shareholders have equal voting rights within EADS. Spanish, Russian, and Emirati (United Arab Emirates- UAE) interests also have significant investments in EADS. END SUMMARY

BREAKDOWN OF EADS SHAREHOLDERS

[2. \(C\) An EADS-Astrium employee privately offered Econoff](#) the following proprietary insights into the firm,s ownership. This shareholder summary describes the percentage of EADS ownership, broken down by interest groups and their associated country of origin.

EADS SHAREHOLDER STRUCTURE AS OF 31 MARCH 2009

DESCRIPTION OF SHARE OWNER	% of EADS	COUNTRY
-----	-----	-----
1) Publicly-traded shares	40.20	N/A
2) Sogead (Lagardere and French -- Lagardere (7.5%) -- French Holding Co. Sogepa (15%)	22.50	France
3) Daimler AG	15.00	Germany
4) Private consortium and public-sector investors	7.50	N/A
5) SEPI - Sociedad Estatal de Participaciones Industries Holding	5.49	Spain
6) Vneshtorgbank -- Russian Bank for Foreign Trade	5.02	Russia

7) Dubai International Capital (DIC)	3.12	UAE
8) Company-owned	0.65	N/A
9) Employee-owned	0.52	N/A

	100.00	

¶3. (U) According to media reporting, on February 9, 2007 Daimler reached an agreement coordinated with the French and German governments to sell one-third of its EADS stock to a consortium of private and public-sector investors. In doing so, it effectively reduced its share of EADS to 15%. Daimler received 1.5 billion euro for this sale and was allowed to retain its voting rights in EADS as if it still owned 22.5% of EADS shares, an amount equal to France's voting rights. The private sector investors are reportedly Allianz, Commerzbank, Credit Suisse, Deutsche Bank, Goldman Sachs, Morgan Stanley, and Sal. Oppenheim.

¶4. (U) Daimler reportedly has the option of dissolving this structure on July 1, 2010 -- at the earliest. If the structure is dissolved, Daimler has the right to either provide investors with EADS shares or pay cash compensation. If EADS shares are provided, German and French shareholders will be able to preempt the distribution of such EADS shares in order to retain the balance between Germany and France.

BERLIN 00001049 002 OF 002

COMMENT

¶5. (C) Officials from the German portion of EADS-Astrium in Friedrichshafen have accused the French on numerous occasions of using their outsized influence within EADS to steer Astrium Friedrichshafen product development plans to the benefit of French industry. German Space Agency (DLR) officials have echoed this sentiment and are actively devising tactics to minimize French influence in German satellite development (see ref reporting). According to the shareholder breakdown above, it is conceivable that France could dominate the German interest, but officially France does not hold greater voting rights than Germany, per the agreed-upon arrangement. One possible explanation for the apparent dominant French influence within EADS is their government's eagerness to insert itself for its industry's benefit, while Germany's de-centralized government takes a more hands-off approach.
Murphy